

Want to Put Cash in the Pockets of Low-Income Workers? Tell them about the Earned Income Credit!

What is the Earned Income Credit (EIC)?

The EIC is a tax benefit for low-income workers. For those who owe federal income tax, it can reduce or eliminate the tax they owe, and some workers can get money back. Even workers who don't owe income tax can qualify. These workers receive their entire EIC in a check from the IRS.

In tax year 1997, over 19.8 million working families and individuals received a total of \$30 billion in EIC benefits. The average family's credit was over \$1,800.

Very low-income workers who are not raising children are eligible for a small EIC—worth up to \$347. Tax year 1994 was the first year these workers could claim the credit. The average credit was about \$200 in tax year 1998.

Who can get the EIC?

Eligibility for the EIC depends on a family's size and income:

- Families with one child who earn less than \$26,928 in 1999 are eligible for a credit of up to \$2,312.
- Families with two or more children who earn less than \$30,580 in 1999 are eligible for a credit of up to \$3,816.
- Workers without a qualifying child who earn less than \$10,200 in 1999 are eligible for a credit of up to \$347.

In most cases, the EIC will not affect eligibility or benefit levels for federal assistance programs, including TANF, Medicaid, food stamps, SSI, or public or subsidized housing.

Why does welfare reform increase the need to do outreach on the EIC?

EIC outreach is more important than ever! Each year, hundreds of thousands of eligible workers fail to claim their EIC. Many workers have simply never heard of it. Others don't know how to apply. Still other workers who earn too little to owe income taxes think they are ineligible for the credit.

As states begin to impose time limits on the receipt of welfare benefits, there are likely to be an increased number of workers with children entering the low-wage labor market. The EIC can be a critical wage supplement for these families. The Advance Payment Option, which can increase take-home pay by more than \$100 per month, will be especially important.

The Center is intensifying efforts to ensure public and private agencies involved in helping individuals make the transition from welfare to work — including job training programs and employers — have the EIC outreach materials they need. We urge you to join us by encouraging such organizations to become involved in the campaign.

Also, many workers who do file for the EIC are paying commercial preparers to fill out their forms. Most don't know that free tax help is available.

Finally, the EIC for very low-income workers without a qualifying child is still new. Many of these workers may still not know about it. Many of the welfare bill's deep cuts in food stamp benefits will fall on these workers. For all of these reasons, education and outreach on the EIC are critical.

How can I help promote the EIC in my community?

The Center on Budget and Policy Priorities spearheads a national public education campaign on the EIC each year. Social service organizations, labor unions, employers, churches, charities, community and neighborhood organizations, and government agencies are part of this effort to inform low-income workers about the credit and how to receive it. *As part of its educational campaign, the Center produces an **EIC community outreach kit** that can help you launch your own grassroots campaign.*

The kit includes:

- **FACT SHEETS.** Easy-to-read information on the EIC, who is eligible for it, and how to get it.
- **COMMUNITY OUTREACH STRATEGIES.** A comprehensive overview of effective strategies used in local EIC campaigns.
- **ALL-PURPOSE BROCHURES, FLYERS AND ENVELOPE STUFFERS.** Printed in English and Spanish, these materials can be easily reproduced and distributed.
- **ATTRACTIVE CAMPAIGN POSTERS.** In English and Spanish, posters can be used in high traffic areas such as lunchrooms, employee lounges, buses and subway cars, union halls, community bulletin boards, and other public places. The posters and flyers have space for you to put your organization's name and number.

The EIC community outreach kit also includes: bilingual envelope stuffers with information on the EIC; a table showing the number of EIC beneficiaries in each state and the total dollar amount of EIC benefits received; "talking points" on the EIC campaign; an explanation of how employees can receive the EIC during the course of the year in their paychecks; instructions on where to refer eligible families for free tax help; a copy of "Schedule EIC," and other materials.

To get a free copy of the community outreach kit for year 2000 (available now), please return this order form to the EIC Campaign, c/o the Center on Budget and Policy Priorities, 820 First Street, NE, Suite 510, Washington, D.C., 20002. Or call the Center at (202) 408-1080, FAX (202) 408-1056, or e-mail us at eickit@cbpp.org.

I would like to receive a free Earned Income Credit outreach kit for the year 2000 from the Center on Budget and Policy Priorities. Please add me to the mailing list for the annual free updated kit.

Name:

Organization:

Address:

Telephone:

I received this order form at/from: